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NEVADA FOCUS: Economic Forum report will force budget decisions

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CARSON CITY, Nev. (AP) -- Lawmakers who control Nevada's purse strings will get a long-awaited report Monday on available funds from the state Economic Forum - a document that's the final word on how much money the legislators can spend.

At the start of the 120-day session, set to end June 6, talk of a \$300 million surplus for this fiscal year was the norm. But the figure may balloon to nearly double that, which could trigger a fierce fight among the lawmakers over the extra cash.

Lawmakers have talked about using the surplus for vehicle registration rebates, added education spending and health care improvements, among other things.

"The one-shot (money) I hear is going to be huge. I think it's going to be over the \$300 million," said Assemblywoman Chris Giunchigliani, D-Las Vegas, vice chairwoman of the Assembly Ways and Means Committee.

The Economic Forum's revenue figures for this fiscal year will determine how much the Legislature has to play with in one-time excess funds, which are largely the result of an \$833 million tax package passed during the rancorous 2003 special session.

When the forum, a group of private business leaders, met in December, it determined the surplus would be \$320 million by late June.

In advance of Monday's meeting, leaders of Senate and Assembly money committees aren't guessing on the possible surplus or the forum's revenue estimates for the upcoming two-year budget cycle.

"I have no indication. I'm just assuming it's going to be higher than December," said Senate Finance Chairman Bill Raggio, R-Reno.

"We can't balance the budget on hearsay," said Assembly Ways and Means Chairman Morse Arberry, D-Las Vegas. "Whatever is generated, it will be spent very wisely."

Economic Forum members also aren't talking.

"I couldn't tell you. I'm just being honest," said Michael Small, chairman of the forum. "We'll come to some conclusion. That won't happen until late Monday."

But state Budget Director Perry Comeaux estimates this year's one-time surplus could be as high as \$470 million.

"I think I and probably everybody else expect their estimates to increase," he said of the forum. "Our experience since their forecast of Dec. 1 has been nothing but positive."

The forum's overall projection for state revenues for the next two fiscal years was \$5.74 billion in December. By law, the figure had to be used to construct Gov. Kenny Guinn's executive budget proposal presented to lawmakers in January.

The updated estimate, which will be based on information from state taxation and gambling officials and others, will be used by lawmakers to close all the state's budgets, particularly the large education and health care accounts. Until then, the committees are preliminarily closing smaller budgets.

Comeaux also thinks the updated figure for the state's coming two fiscal years could increase by about \$100 million in ongoing funds when the report is released.

"What it all boils down to is it's idle speculation and none of us is going to know a thing until the Economic Forum meets. But for planning purposes we all do our own little forecasts," he said. "Everybody's doing that. You can't wait until Monday and react. You need to do some thinking and planning."

Lawmakers and Guinn haven't wasted any time laying claim to the predicted influx of funds - particularly the one-time surplus for this fiscal year.

Guinn press secretary Greg Bortolin said Guinn has the responsibility to "put away money for the rainy day fund of \$122 million. In addition to that, (Guinn wants) to give some of the surplus back with a vehicle registration rebate."

"I think there will be plenty of money," Bortolin added.

Guinn's proposal would rebate up to \$300 per Nevada vehicle registered last year and, if approved, would be the largest tax rebate in the state's history. There are two Republican-sponsored bills that contain versions of the proposal, and Assembly Speaker Richard Perkins, D-Henderson, says he is looking at different ways to rebate money to Nevadans.

And as the session draws to a close, pork-barrel requests - those made by legislators for very specific pet projects - are certain to surface.

But some lawmakers, like Arberry, say the money has to be used to fill shortages such as those in Medicaid and K-12 budgets - which may face \$67 million and \$170 million shortfalls, respectively.

"Whatever money we have we will take a hard look at, to make sure all the holes are plugged up," he said. "They've got to understand that it's not a candy store. It's not where they're going to go in and get some candy for free today and then they'll have to pay later."

Still, the state's financial picture is fairly rosy.

Casino-related tax collections, which make up a third of the state's general fund revenues, are heavier than predicted in December, said Frank Streshley, senior fiscal analyst for the Nevada Gaming Control Board.

In December, the predicted growth in the main casino-related tax revenue was 0.9 percent, but Streshley said that nine months into this fiscal year growth is at 3.4 percent compared to last year.

"Obviously things are much stronger than what we anticipated back in November and December," he said.

Sales and use taxes, another large chunk of the general fund at more than one-third of the revenue, are \$27 million ahead of projections. A report this week showed that Nevada merchants have sold \$28.1 billion in goods in the first eight months of fiscal 2005, for a 14.3 percent increase.

The state Taxation Department report on the July-February sales also showed that February sales statewide totaled \$3.2 billion. That's up 10.9 percent compared with the same month a year earlier.

But Comeaux warned that there are caveats to what looks to be a boon to the state.

"Another thing to keep in mind is that extra money at the end of this fiscal year is one-time type money and that should not be used to fund ongoing things," he said. "The money that's going to be available over the next two years we assume will be ongoing."